Post-Hearing Questions for the Record Submitted to Brenda S. Farrell From Senator Tom A. Coburn, M.D.

"Safeguarding Our Nation's Secrets: Examining the Security Clearance Process"

June 20, 2013

1. You conducted the 2012 audit that recommended OPM Federal Investigative Services provide its customer agencies better information on the costs of background investigations and take action to identify and implement efficiencies that could lead to cost savings within its background investigation process. What do you think are the reasons why the OPM price for an SSBI is 40% higher than NSA's price for the same SSBI?

We reported in February 2012 that the Office of Personnel Management (OPM) does not break down the total cost of an investigation at the level of detail necessary to isolate specific investigation component costs. In that report, we stated that several federal agency officials we spoke to noted that individual contracting firms' prices for a Single Scope Background Investigation—the investigation that supports a Top Secret Clearance—were much lower than OPM's prices for the same and that OPM accounted for excessive overhead costs when determining its prices. Officials from federal agencies with the delegated authority to conduct their own investigations noted that they directly contract with private investigation providers whose price for a Single Scope Background Investigation was as much as \$1,500 lower per investigation than OPM's price. The National Security Agency, for example, is one of the federal agencies with this delegated authority. We did not conduct a cost comparison of OPM's and contractor prices, and we were unable to identify the reasons that contractor prices for background investigations for Top Secret Clearances might be lower than OPM's prices because in determining its prices OPM uses an average cost model that does not allow OPM to isolate discrete costs by investigation component.²

It is essential that federal agencies understand the composition of the costs used to determine the prices charged for background investigations, especially in the current fiscal environment as federal agencies identify areas where costs can be reduced. Such transparency would mean, for example, understanding how costs align with the prices charged and how changes in prices reflect changes in costs.

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¹ GAO, *Background Investigations: Office of Personnel Management Needs to Improve Transparency of Its Pricing and Seek Cost Savings*, GAO-12-197 (Washington, D.C.: Feb. 28, 2012). Investigation component costs depend on the investigation type and may include costs related to conducting credit, criminal history, citizenship, education, employment, and neighborhood checks and the cost of conducting subject interviews.

² In February 2012 we reported that, according to officials from the Joint Reform Team, in their efforts to make

In February 2012 we reported that, according to officials from the Joint Reform Team, in their efforts to make decisions about potential changes to the investigative process, they were able to determine the actual cost of conducting background investigations by investigation component, but they were not able to break down the cost of OPM's overhead by investigation component because OPM does not have the overhead cost data that would be required to do so. The Joint Reform Team is an interagency working group established in 2007 to execute joint reform efforts to achieve statutory timeliness goals and improve the processes related to granting security clearances and determining suitability for government employment.

2. What specific process efficiencies did your team identify that could achieve cost savings within OPM's background investigation process?

In order to identify cost savings opportunities within OPM's background investigation process, OPM must first identify the main cost drivers of its background investigations program and have a clear understanding of the costs associated with each investigative component, including overhead costs. We detailed two examples of potential cost-savings opportunities in our February 2012 report.³ The first example relates to the efficiency of the process OPM uses to bill its customer agencies for fingerprint checks and the second relates to the use of paper-based investigation files.

- OPM double charges for fingerprints, causing extra labor for reimbursement. OPM double charges agencies for fingerprint checks and then reimburses the agency if the fingerprint check is part of the package the agency ordered for investigations in support of secret and top secret clearances. Not only does this practice inflate OPM's workload, but it also affects OPM and its customer agencies, in several ways. First, OPM needs to refund its customer agencies for its initial charge. For example, in 2012, OPM charged DOD \$24.25 for an individual's fingerprint and then charged the department again for that fingerprint as part of the \$4,005 total charged for that same individual's top secret clearance investigation. As a result, OPM's then had to reimburse DOD for the extra fingerprint, and that reimbursement represents additional labor associated with OPM's clearance process. Second, customer agencies are then burdened with the need to track those OPM reimbursements to ensure that refunds are received and to reconcile OPM's workload numbers with their own, to eliminate the double counting.
- OPM converts electronically based investigation applications to paper. In
 November 2010, the Deputy Director for Management of the Office of
 Management and Budget testified that OPM receives 98 percent of investigation
 applications electronically, yet we observed that it is continuing to use a paperbased investigation processing system, converting electronically submitted
 applications to paper. OPM officials told us in 2011 that the paper-based process
 is required because a small portion of customer agencies do not have electronic
 capabilities. However, OPM has not studied its process to identify potential
 efficiencies and, as a result, may be simultaneously investing in process
 streamlining technology while maintaining a less efficient and duplicative paperbased process.

In addition, one of the recommendations from this report⁴ was reflected in our 2012 annual report on duplication, overlap, and fragmentation.⁵ Specifically, we found that multiple agencies invested in or began to invest in potentially duplicative, electronic case management and adjudication systems to manage their security clearance program, despite government-wide reform effort goals that agencies leverage existing technologies to reduce duplication. Since the

³ GAO-12-197.

⁴ GAO-12-197.

⁵ GAO, 2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue, GAO-12-342SP (Washington, D.C.: Feb. 28, 2012). For an update to this report, see GAO's action tracker, http://www.gao.gov/duplication/action tracker/Personnel Background Investigations/action1.

Performance Accountability Council⁶ has not developed specific government-wide guidance regarding how agencies should leverage existing technologies to prevent duplicative investments in electronic case management and adjudication systems, individual agencies can decide to develop their own new systems without evaluating whether utilizing an existing system would be a more cost-effective approach. As a result, we recommended that the Office of Management and Budget's Deputy Director for Management, in his capacity as Chair of the Performance Accountability Council, develop additional guidance to help ensure that reform stakeholders identify opportunities for preventing duplication in the development of electronic case management and adjudication technologies in the suitability determination and personnel security clearance processes. The Office of Management and Budget agreed with our recommendation, and the implementation of this recommendation was still in process as of March 2013. For an update on the status of this recommendation, see https://www.gao.gov/duplication/action_tracker/Personnel_Background_Investigations/action1.

3. Has OPM Federal Investigative Services made an effort to address the recommendations for executive action in your audit?

In our February 2012 report, we recommended, among other things, that the Director of OPM direct the Associate Director of Federal Investigative Services to provide customer agencies with better information on the costs of background investigations, including the data related to its main cost drivers in order to clarify, to the extent possible, how its costs align with and affect investigation prices; and to take actions to identify process efficiencies that could lead to cost savings within OPM's background investigation process. In response, OPM has begun to take action and has maintained an ongoing dialogue with GAO regarding the status of these recommendations since February 2013. For the status of all recommendations we have made since 2009 to OPM in our recent body of work on personnel security clearances, see enclosure II of this document, the OPM scorecard that we developed in response to Chairman McCaskill's question for the record that resulted from the June 20, 2013, hearing entitled, *Safeguarding Our Nation's Secrets: Examining the Security Clearance Process.* Specifically, items 3 and 4 on that scorecard discuss the status of the recommendations for the executive action in question.

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⁶The Performance Accountability Council was established in 2008 to oversee personnel security clearance reform. Its leadership includes the Director of National Intelligence as the Security Executive Agent, the Director of OPM as the Suitability Executive Agent, and the Deputy Director for Management at the Office of Management and Budget as the chair of the council.

⁷ GAO-12-197.